

## Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EA-10 IO-13 ISO-00 AID-05  
CIAE-00 COME-00 FRB-03 INR-10 NSAE-00 USIA-06  
TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01  
INT-05 DODE-00 PA-01 NSC-05 SS-15 STR-07 CEA-01  
/123 W

-----111087 040905Z /10

R 032242Z MAR 78

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 8999

INFO AMEMBASSY SANTIAGO

AMEMBASSY KINSHASA

AMEMBASSY LUSAKA

AMEMBASSY JAKARTA

USMISSION GENEVA

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E.O. 11652: N/A

TAGS: EMIN, CIPEC, EALR, PE

SUBJECT: REPORTED AGREEMENT TO REDUCE COPPER PRODUCTION

REF: 77 LIMA 11089

1. LIMA DAILY LA PRENSA MARCH 3 CARRIED AGENCE FRANCE PRESS ARTICLE DATED LONDON WHICH STATES THAT PERU, ZAIRE AND ZAMBIA HAD AGREED TO REDUCE THEIR COPPER PRODUCTION BY 15 PCT, EFFECTIVE IMMEDIATELY. IN ATTEMPT TO CONFIRM LA PRENSA STORY WE SPOKE WITH ENERGY AND MINES VICE MINISTER RICARDO SAETTONE, MING SOCIETY OFFICIALS AND OFFICER OF US-OWNED SOUTHERN PERU COPPER CORPORATION (SPCC).

2. SAETTONE CONFIRMED THAT PERU HAD JOINED WITH ZAMBIA AND ZAIRE TO REDUCE COPPER PRODUCTION BY 15 PCT. HOWEVER,  
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HE WOULD NOT BE SPECIFIC ABOUT HOW THIS REDUCTION WOULD BE ACCOMPLISHED EXCEPT TO NOTE THAT CERTAIN MINES IN RECENT YEARS HAD CLOSED DOWN FOR ECONOMIC REASONS AS A RESULT OF LOW INTERNATIONAL COPPER PRICES. WHEN WE POINTED OUT THAT NEWS ARTICLE CREATED IMPRESSION THAT THE GOVERNMENTS IN QUESTION WOULD IMPOSE PRODUCTION CUTS ON THEIR PRODUCERS, SAETTONE SAID THAT GOP DOES

NOT "IMPOSE" ITS DECISIONS, BUT RATHER GOP WOULD HAVE TO CONVINCE PERUVIAN PRODUCERS OF THE NEED TO REDUCE PRODUCTION.

3. MINING SOCIETY OFFICIALS INDICATED THAT IN PERU'S CASE AT LEAST COPPER PRODUCTION CUTBACK IS A SHAM. 15 PCT REDUCTION IS BASED ON INSTALLED PRODUCTION CAPACITY BUT ACTUAL PRODUCTION IS ALREADY BELOW INSTALLED CAPACITY DUE TO SHUT DOWN OF SOME MINES IN PRIOR YEARS. THUS ACTUAL PRODUCTION THIS YEAR IS NOT EXPECTED TO BE REDUCED. IN FACT, MINING SOCIETY ESTIMATES TOTAL COPPER PRODUCTION WILL INCREASE FROM 350,000 METRIC TONS (FINE METAL CONTENT) COPPER IN 1977 TO 380,000 METRIC TONS IN 1978. SPCC OFFICER VERIFIED THIS ASSESSMENT AND STATED THAT SPCC WAS NOT PLANNING TO REDUCE ITS PRODUCTION.

4. COMMENT: IF SPCC, WHICH PRODUCES 74.3 PCT OF PERU'S COPPER, DOES NOT REDUCE ITS ACTUAL PRODUCTION, THEN THE 15 PCT "REDUCTION" COULD ONLY BE IN TERMS OF CAPACITY OR SOME OTHER SUCH THEORETICAL CALCULATION. IN LIGHT OF PERU'S DESPERATE NEED FOR FOREIGN EXCHANGE AT THIS TIME, IT IS HIGHLY UNLIKELY THAT THERE WOULD BE AN ACTUAL 15 PCT REDUCTION IN COPPER PRODUCTION.

DECON 3/3/79.  
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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENTS, PRODUCTION, COPPER, PRESS COMMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
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**Reference:** 77 LIMA 11089  
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**Status:** NATIVE  
**Subject:** REPORTED AGREEMENT TO REDUCE COPPER PRODUCTION  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014